

<b>DEPARTMENTAL REGULATION</b>		Number: 9700-001
SUBJECT: Small Farms Policy	DATE: September 8, 1999	
	OPI: Office of the Chief Economist	

1 PURPOSE

This regulation sets forth the policy of the United States Department of Agriculture (USDA) with regard to the importance and role of small farms, ranches, and woodlots (hereafter referred to as small farms) to U.S. agriculture and the establishment of strategies, systems, and a Departmental framework for achieving and maintaining the viability of these small farms.

2 SPECIAL INSTRUCTIONS

This regulation grows out of the recommendations made by the National Commission on Small Farms in its January 1998 report, *"A Time to Act."*

3 BACKGROUND

a Small farms have been critical to the fabric of American society throughout the Nation's history. Today, as historically, the vast majority of all farms in the United States are small. The viability and sustainability of these farms is important to our Nation's economy, to the wise stewardship of our biological and natural resources, and to the leadership and social fabric of rural communities. Their economic contribution is important to the Nation and is especially critical to the thousands of rural communities where they pay taxes and to the thousands of businesses they support.

b Small farms play an important role in the United States agricultural sector. In 1994, farms with gross sales of \$250,000 or less accounted for 94 percent of all farms and ranches, owned 75 percent of the total productive assets in agriculture and 72 percent of all land in agricultural production, and accounted for 41 percent of all agricultural receipts. For example, small farms took leadership in the development of organic production systems in the United States. In the late 1990's, the organic and natural foods market became the fastest growing sector of the U.S. food market.

c Owning and operating a small farm represents an avenue to economic independence and entrepreneurial achievement for many Americans from all walks of life. Small farms owners and operators are a diverse group of Americans, including Hispanics, Native Americans, ethnic Europeans, African-Americans, Asians, women, persons with disabilities, and other minorities.

d Small farms are operated by resourceful agriculturalists who combine entrepreneurship, business skills, family labor, and knowledge to produce food and fiber products consumed by millions of Americans and people around the world. However, not all small family farms are alike. In 1995 the Economic Research Service (ERS) identified four primary groups of small family farms, each with different resources, goals, and contributions to the Nation's agricultural production. These groups are: 1) *Primary occupation* farms which accounted for 34 percent of all U.S. farms; 2) *Limited resource* farms made up 12 percent and had a total household income of less than \$20,000, total farm assets under \$150,000, and gross sales of less than \$100,000; 3) *Retirement farms*, operated by individuals who are retired, accounted for 13 percent; and 4) *Residential or lifestyle farms*, operated by people for whom farming is not the primary occupation, constituted 35 percent of all farms. Limited resource, retirement, and residential or lifestyle farms accounted for about 9 percent of the value of U.S. agricultural production. Small farms where farming is the primary occupation accounted for almost one-third of the U.S. agricultural production by value.

#### 4 POLICY

a USDA's policy for small farms is based on the eight guiding principles for Federal farm policy stated by the National Commission on Small Farms. This policy will:

- (1) encourage farming systems that produce safe, healthy, and diverse food, fiber and wood products;
- (2) create greater opportunities to connect farmers with consumers;
- (3) encourage and support an agricultural system that sustains and strengthens rural communities, cultural diversity, and a traditional way of life;
- (4) encourage and reward responsible stewardship of natural resources;
- (5) enable farmers and farm workers to live and work in safe and responsible environments;
- (6) result in vigorous competition in open, diverse markets;
- (7) enable Americans to own and operate farms as a livelihood; and
- (8) enhance opportunities for people to generate farm incomes comparable to other economic sectors.

b It is the policy of USDA to:

- (1) Develop and support research, development, regulatory, and outreach programs and initiatives that focus on the special needs of small farms, especially those programs that help small farms develop

alternative enterprises, value added products, and collaborative marketing efforts including cooperatives that enhance stewardship of biological, natural, human, and community resources.

- (2) Make special efforts to meet the credit needs of small, under served, minority, women, and beginning farmers.
- (3) Consider the special needs of and specific effects on small farms when developing and implementing marketing, incentive, and regulatory programs and processes.
- (4) Develop and foster marketing, development, credit, and outreach programs that improve the competitiveness of small farms and give priority to farmer-owned and farm-based businesses, especially those that foster local and regional competition in production, processing, and distribution of food, fiber, and wood products that connect small farms and consumers at the local and regional levels.
- (5) Foster collaboration among public and private sector agencies, programs, and institutions, including farm and community-based organizations, to meet the financial, educational, and technological needs of small farms, including developing small farms networks, joint enterprises, and mentoring systems.
- (6) Encourage and emphasize educational, outreach, marketing, regulatory, credit, and other programs that will help ensure new generations of small farmers can gain access to the resources they need.
- (7) Encourage all USDA agencies, the land grant institutions, and collaborating public and private sector institutions to emphasize sustainable agriculture, sustainable forestry, and agroforestry as profitable, environmentally sound, and socially desirable strategies for small farms.

## 5 ACTION ORDERED

a This regulation establishes a Small Farms Council, chaired by the Deputy Secretary. Membership will be comprised of the Under Secretary, Marketing & Regulatory Programs; Under Secretary, Farm & Foreign Agricultural Services; Under Secretary, Food, Nutrition & Consumer Services; Under Secretary, Food Safety; Under Secretary, Natural Resources & Environment; Under Secretary, Research, Education & Economics; Under Secretary, Rural Development; Assistant Secretary, Administration; Office of Outreach Director and the Office of Civil Rights Director. The Director of Sustainable Development and Small Farms, Office of the Chief Economist, will serve as the Executive Director of the Small Farms Council and is responsible for coordinating, advocating, and facilitating implementation of small farms policies and programs. The Executive Director will chair a Department-wide group of coordinators for each mission area; individual agencies; the Office of Outreach, and the Office of Civil Rights for the purpose of planning, coordinating, and collaborating the implementation of small farms policies and programs.

b Equal opportunity practices, in line with USDA policies, will be followed in all membership appointments to committees. To ensure that the recommendations of the committees have taken into account the needs of the diverse groups served by the Department, membership shall include, to the extent practicable, individuals who are minorities, women, and persons with disabilities.

c This policy is to be reflected in all mission area and agency mission statements, strategic plans, performance plans, and performance goals. This policy is to be incorporated into all technical guides, handbooks, and materials used to provide service to small farm operators, (including extension publications). These documents must reflect circumstances faced on small farms, ranches, and woodlots.

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